

BSC C&C Kurali Toll Road Limited

March 27, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	157.30 (reduced from 180.79)	CARE D (Single D)	Reaffirmed
Total Facilities	157.30 (Rs. One Hundred and Fifty Seven crore & Thirty lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of BSC C&C Kurali Toll Road Limited (BSC Kurali) continues to remain constrained by the delays in meeting debt obligations due to lower than expected traffic on the toll road resulting in cash flow mismatches.

Detailed description of the key rating drivers

Key rating weakness

Delays in meeting debt obligations, due to lower than expected traffic on the toll road resulting in cash flow mismatches: BSC Kurali is exposed to traffic risk as toll collections are its only source of revenue. The traffic on the project stretch has been lower than that envisaged, primarily on account of emergence of new alternate route on the same stretch, lowering the toll revenue to a sizeable extent and adversely impacting its debt coverage indicators. The toll revenue during FY18 was Rs.47.64 crore & during 9MFY19, it amounted to Rs.36.74 crore as against the principal repayment obligations for FY18 of around Rs.31.20 crore, while interest was around Rs.22.60 crore (total of Rs.53.80 crore). This has led to cash flow mismatches and hence delays with respect to debt servicing.

Key Rating Strengths:

Experienced Promoters: BSC Kurali is a SPV promoted by BSCPL and C&C. BSCPL is an ISO 9001:2000 accredited infrastructure development company and is into execution of projects for over 3 decades. BSCPL is engaged in various infrastructure developments segments such as roads, bridges, irrigation projects, airports, real estate and Hydro power plants. The company has strong execution capabilities having executed 250 projects aggregating to around 9000 lane km.

Analytical approach: Standalone

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[Rating methodology-Toll Road Projects](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

BSC C&C Kurali Toll Road Limited (BSC Kurali) is a Special Purpose Vehicle (SPV) incorporated in February 2007 by BSCPL Infrastructure Limited and C&C Constructions Limited, which currently holds 51% and 49% stake in the company respectively. The project was awarded for Design, Engineering, Finance, Construction, Operation and Maintenance of Kurali Kiratpur Section from Km 28.6 to Km. 73.2 of NH-21 in the State of Punjab under National Highways Development Program (NHDP) Phase IIIA on Build, Operate and Transfer (Toll) basis" (Project) by National Highways Authority of India (NHAI).

The concession Agreement (CA) was executed between BSC Kurali and NHAI on 25th June 2007 for a concession period of 20 years which includes of 2.5 years of construction. The SPV is for the purpose of widening of an existing 44.60 km long, 2- lane stretch between Kurali and Kiratpur to 4- lane and stretching and maintenance of existing 2- lane section The total cost of the project was Rs. 408.10 crore funded through equity of Rs. 104.18 crore (24%), NHAI grant of Rs. 43.92 crore (11%) and Debt of Rs. 260 crore (65%). The project has achieved COD in August 2011.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	59.40	47.68
PBILDT	50.95	39.25
PAT	8.46	1.29
Overall gearing (times)	6.50	5.83
Interest coverage (times)	2.03	1.73

A: Audited

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Ms. Radhika Ramabhadran

Tel: +91-40-6900-0512

Mobile: 8008883012

Email: radhika.ramabhadran@careratings.com

*For detailed Rationale Report and subscription information, please contact us at www.careratings.com

About CARE Ratings:

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Disclaimer

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	December 2022	157.30	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	157.30	CARE D	-	1)CARE D (09-Mar-18) 2)CARE D (09-Nov-17)	1)CARE B+ (26-Oct-16)	1)CARE B+ (16-Mar-16)

CONTACT**Head Office Mumbai**

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

CARE Ratings Limited**(Formerly known as Credit Analysis & Research Ltd.)**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD**

Mr. Deepak Prajapati
 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-9099028864
 Tel: +91-79-4026 5656
 E-mail: deepak.prajapati@careratings.com

JAIPUR

Mr. Nikhil Soni
 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 95490 33222
 Tel: +91-141-402 0213 / 14
 E-mail: nikhil.soni@careratings.com

BENGALURU

Mr. V Pradeep Kumar
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91 98407 54521
 Tel: +91-80-4115 0445, 4165 4529
 Email: pradeep.kumar@careratings.com

KOLKATA

Ms. Priti Agarwal
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH

Mr. Anand Jha
 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh
 Cell: +91 85111-53511/99251-42264
 Tel: +91- 0172-490-4000/01
 Email: anand.jha@careratings.com

NEW DELHI

Ms. Swati Agrawal
 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI

Mr. V Pradeep Kumar
 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE

Mr. Pratim Banerjee
 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-98361 07331
 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

COIMBATORE

Mr. V Pradeep Kumar
 T-3, 3rd Floor, Manchester Square
 Puliakulam Road, Coimbatore - 641 037.
 Tel: +91-422-4332399 / 4502399
 Email: pradeep.kumar@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD

Mr. Ramesh Bob
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Cell : + 91 90520 00521
 Tel: +91-40-4010 2030
 E-mail: ramesh.bob@careratings.com